

Richard Isaacs MD - Big Pharma has the upper hand 'and they know it'



There has been an alarming upward trend in the costs of similar treatments, as more drugs are developed and come on to the market, new Pharmac figures show.

And as the price of life-saving medicines soar and pharmaceutical companies show no signs of justifying their costs, the Government is warning that something has got to give.

Pharmac, the Government's drug buying agency, began funding a key blood cancer drug Thalidomide, manufactured by drug giant Celgene, in 2002. While the true costs of what Pharmac pays are confidential, the list price for the drug in 2002 was \$360, based on a daily average dose for a month.



Compare that with a later iteration of the same drug - Lenalidomide - which in 2014 carried a list price of \$8353. A third option for blood cancer patients, whose condition might not respond so well to the first two, was Bortezomib, which had a list price of \$9742.

The benefits of treating cancer with any of the drugs were similar, and limited studies comparing Lenalidomide and Thalidomide showed no survival difference.

When it came to differing forms of chemotherapy for breast cancer, list prices had risen 443 per cent.

Anthracycline, a common chemotherapy, was listed at \$975 in 2002. As two more options came onto the market - Docetaxel, also in 2002, and Trastuzumab, in 2007 - list prices rose to \$2488 and \$5300 respectively.

A similar trend was also shown across medicines for the treatment of kidney cancer, and lung cancer, rising 411 and 44 per cent respectively.

While all those costs related to the list-price of the medicines, chief executive Steffan Crauzas said Pharmac did not pay that much.

How much less Pharmac paid was confidential, but the increase in the list-price showed an alarming trend that the overall cost of providing New Zealanders access to medicines was becoming more difficult.

Costs were symptomatic of a price-war raging overseas, where the medicines market was not so tightly controlled by a public purchaser.

According to the World Health Organisation, medicines accounted for over half of total health expenditures and were often "unavailable and unaffordable to consumers who need them".

It recommended making some essential medicines exempt from taxation.

Breast Cancer Aotearoa Coalition chair Libby Burgess, who led a campaign for the public funding of breast cancer drug Herceptin, said the problem was the Pharmac model.

She cited Australia, where two separate bodies took care of funding decisions and then purchase of the medicines respectively.

"All of that happens under one roof in Pharmac, which means its very easy for one part of the process to compromise another."

MidCentral DHB Oncologist *Dr Richard Isaacs* said the prices big pharma was charging was "gobsmacking".